



DEFENSE LOGISTICS AGENCY
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JUL 15 1997

IN REPLY
REFER TO AQBC

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS
DEFENSE CONTRACT MANAGEMENT COMMAND HEADQUARTERS
STAFF

SUBJECT: DCMC Memorandum No. 97-65 , Monthly Management
Reviews (MMRs) - Rating Criteria Clarification
(POLICY)

This is a POLICY Memorandum. It expires when content is included in DLAD 5000.4, Contract Management (One Book), not to exceed one year. Target Audience: All DCMC employees involved in organizational performance analysis and in preparation and briefing of MMR topics.

During the May 1997 Defense Contract Management Command (DCMC) Commander's Conference workshop on Monthly Management Reviews, there was considerable discussion of rating criteria for both metrics and the performance goals (Action Item CC0040). Criteria under discussion are identified in DCMC Memorandum No. 96-54, Procedures for Command Level Monthly Management Reviews (MMRs) (Policy), dated September 30, 1996.

As a result of input from District representatives and Commanders of several Contract Administration Offices (CAOs), these rating criteria are being redefined. Effective with the MMR on August 21, 1997, the criteria provided in Attachment 1 will be used to assign ratings for the MONTH UNDER REVIEW.

Attendees at the Commander's Conference suggested that the MMR could also be used as an opportunity to highlight significant achievements or other "good news" from the CAOs (Action Item CC0048). Effective with the June MMR, each District briefed a "GOOD NEWS" chart at the end of the briefing. The narrative chart (format in Attachment 2), listing no more than five items, should reflect the CAO associated with the item. CAO submissions to the

Districts will be used as the source for compilation of the "GOOD NEWS" narrative chart. Items considered "good news" may include, for instance:

- a. Performance target significantly exceeded without detriment to other performance areas.
- b. A major breakthrough in a Management Council effort.
- c. A significant cost avoidance.
- d. A significant cost avoidance as a result of an SPI, etc.

The Executive Director, Operational Assessment and Programming (AQB) has lead responsibility for the MMR. However, all issues regarding the MMR will be fully coordinated with affected Headquarters elements. Questions concerning the contents of this memorandum or requests for assistance in preparing for MMRs should be directed to the following personnel:

Ms. Lucy Daris, AQBC, (703) 767-2425
Mr. Rick Gibbons, AQBC, (703) 767-4105
Ms. Deborah Tomsic, AQBD, (703) 767-2448
Mr. Richard Horne, AQOG, (703) 767-2359



ROBERT W. DREWES
Major General, USAF
Commander

Attachments

RATING CRITERIA

NOTES

1. Current month data appearing on Monthly Management Review (MMR) charts will be evaluated against Performance Plan targets to determine which of the criteria colors (described below) applies, and an appropriate color will be assigned. Colors will be assigned on the basis of current month's data, NOT on the basis of expectations for the end of the fiscal year.
 - a. "Improvement targets" are those that require measurement against an established end-of-year Performance Plan target. For these targets, the end-of-year improvement increment should be prorated on a monthly basis in order to evaluate monthly performance.
 - For the remainder of 1997, those metrics that do not have a specified target in the 1997 Performance Plan will use a default target that either maintains performance at the ending FY96 level or a target level determined by the process owner.
 - b. "Absolute targets" are Command standards. The target is the same for each month and should be achieved at the beginning of the fiscal year. The monthly rating is based on the absolute target and the current month's data and does not consider performance relative to implementation plans.
 - c. "Target dates" are those approved in the Performance Plan unless rebaselined by the Commander or the Executive Council.
2. Metrics which are identified for future reporting, but information is NOT available through the Automated Metrics System (AMS), will be assigned "Not Rated (N/R)."

Attachment 1

METRICS

Green:

- Target performance level (for cumulative targets, planned performance level) WAS MET or exceeded for the month.

Yellow:

- Target performance level (for cumulative targets, planned performance level) WAS NOT met, but was within 10% of the target level (10% of target percentage level or target value level).

Red:

- Target performance level (for cumulative targets, planned performance level) was NOT met (greater than 10% of target percentage level or target value level).

PERFORMANCE GOALS

Green:

- ALL milestones (for applicable plans and tasks) due as of the current date HAVE BEEN MET and future milestones are likely to be met in the timeframes scheduled. Target completion date will be met. (No additional resources past what was originally budgeted are required or additional resources are required and will be reprogrammed at no detriment to other goals/targets.)

Yellow:

- Anticipate milestones (for applicable plans and tasks) scheduled WILL NOT be met. However, rescheduling of milestone events will allow the performance goal to be achieved by the target completion date.

Red:

- A milestone due as of the current date HAS NOT been met and/or future milestones WILL NOT be met. Performance, as measured by the indicators and described by the goal, WILL NOT be achieved by the target date.

RESOURCE MANAGEMENT GOALS:

Green:

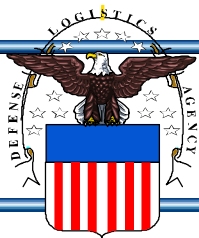
- Actual total and direct obligation performance is $\leq 0.5\%$ (+/-) of the planned level for budget as of the current date. Actual reimbursable earnings are $\leq 0.5\%$ (-) of the planned level for the budget as of the current date. FTE execution performance is $\leq 0.5\%$ (-) of the planned level as of the current date. AND
- The annual budget and FTE plan will likely be met based on percent obligated to annual allocation.

Yellow:

- Actual total and direct obligation performance is $> 0.5\%$ and $\leq 1.0\%$ (+/-) of the planned level for budget as of the current date. Actual reimbursable earnings are $> 0.5\%$ and $\leq 1.0\%$ (-) of the planned level for budget as of the current date. FTE execution performance is $> 0.5\%$ and $\leq 1.0\%$ (-) of the planned level as of the current date. AND
- The annual budget and FTE plan will likely not be met based on percent obligated to annual allocation unless some change is implemented.

Red:

- Actual total and direct obligation performance is $> 1\%$ (+/-) of the planned level for budget as of the current date. Actual reimbursable earnings are $> 1\%$ (-) of the planned level for budget as of the current date. FTE execution performance is $> 1\%$ (-) of the planned level as of the current date. AND
- The annual budget and FTE plan will likely not be met based on percent obligated to annual allocation. OR
- Monthly Obligation Plans (MOPs) or FTE Plans have not been submitted or are unacceptable.



Good News

Last Chart for Each District

DCMC Office	Description
Xxxxxx	Performance target significantly exceeded without detriment to other performance areas.
Xxxxxx	Major breakthrough in Management Council effort.
Xxxxxx	Significant cost avoidance.
Xxxxxx	SPI Initiative